



DEPARTMENT OF AGRICULTURE

Funding Highlights:

- Provides \$22.6 billion in discretionary funding for the Department of Agriculture, roughly equal to the 2012 enacted level.
- Reduces the deficit by \$37.8 billion over 10 years by eliminating direct farm payments, decreasing crop insurance subsidies, and targeting conservation programs.
- Supports evidence-based decision-making by aligning program funding with performance measures through the creation of a new rural development grant program, targeting forestry grants and establishing a Chief Evaluation Officer within the Department.
- Invests \$4 billion in renewable and clean energy and environmental improvements to make America more energy independent, and drive global competitiveness in the renewable energy sector.
- Increases funding for the Agriculture and Food Research Initiative to \$383 million and targets areas that are key to American scientific leadership: human nutrition and obesity, food safety, bioenergy, sustainable agriculture, and climate change.
- Provides \$7.1 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children to help ensure good birth outcomes, growth and development for low-income and nutritionally at-risk pregnant and post-partum women, infants, and children up to age five.
- Targets housing and water treatment assistance primarily through lending that has a lower cost to the Government.
- Leverages resources and works with Federal, State, and tribal partners to accelerate voluntary adoption of conservation practices to improve water quality.

The U.S. Department of Agriculture (USDA) provides leadership on issues related to food, agriculture, and natural resources, including energy, based on sound public policy, the best available science, and efficient management. USDA works to expand economic opportunity through the development of innovative practices and research

and provides financing needed to help expand job prospects and improve housing, utilities, and community infrastructure in rural America. The Department also works to promote sustainable agricultural production to protect the long-term availability of food. USDA programs safeguard and protect America's food supply by reducing

the incidence of food-borne hazards from farm to table. USDA also improves nutrition and health through food assistance and nutrition education. USDA supports agricultural and economic development in developing countries through research and technical assistance to combat chronic hunger and achieve global food security. Finally, USDA manages and protects America's public and private lands by working cooperatively with other levels of government and the private sector to preserve and conserve the Nation's natural resources through restored forests, improved watersheds, and healthy private working lands.

The 2014 Budget provides \$22.6 billion in discretionary funding to support this important mission, roughly equal to the 2012 enacted level. While investments are made in renewable energy, rural development, and key research areas, the Budget makes tough choices to meet the current discretionary caps. Deficit reduction savings are achieved by eliminating direct farm payments, decreasing crop insurance subsidies, and better targeting conservation funding.

Supports Evidence-Based Decision-Making

Encourages Job Creation in Rural Communities. The Budget proposes \$55 million for a new economic development grant program designed to target small and emerging private businesses and cooperatives in rural areas. The program will be designed to utilize evidence on what works best to create jobs and foster growth. This new program will award funding to grantees that agree to be tracked against performance targets and will improve upon the agency's current grant allocation and evaluation process. In addition, funding is also requested for food hubs that are designed to strengthen the link between rural producers and regional food systems.

Evaluates Business Technical Assistance. In 2014, USDA, along with the Department of Commerce and the Small Business Administration, will continue to participate in an interagency group designed to evaluate the

impact of Federal business technical assistance programs. USDA will look at the Rural Business-Cooperative Service business programs with the goal of developing a standard methodology for measuring the impact of technical assistance programs across the Federal Government.

Strengthens Targeting of State Forestry Resource Grants and Public Land Restoration Funds. The Budget strengthens resource management on non-Federal lands by incorporating better data on grantee accomplishments and natural resource outcomes to help guide future Federal investment in State forestry grants. This approach advances the recent shift toward cross-program and competitive-based grant allocations already underway by institutionalizing better data collection and rewarding innovative projects that increase natural resource outcomes, including benefits to water quality from improved forest stewardship and innovative uses of urban forestry in emerging green infrastructure approaches. It also supports Integrated Resource Restoration pilots on Federal land that improve agency efficiency and forest restoration outcomes by enabling cross-disciplinary planning and execution.

Establishes a Chief Evaluation Officer. To support evidence-based policy-making, the Budget provides support for the establishment of a Chief Evaluation Officer within USDA to work closely with program offices and agencies to develop and implement evaluation agendas and priorities set by policy officials.

Fosters Innovation and Job Growth

Promotes Development of Rural Renewable Energy. The Budget proposes \$4 billion in loans to rural electric cooperatives and utilities that will support the transition to clean-energy generation. Specifically, this funding will be targeted to decrease America's reliance on fossil fuels and promote renewable and clean energy at electric generation, transmission, and distribution sites in rural communities. In addition, the Budget proposes a program level of \$238 million for the Rural Energy for America Program to as-

sist agricultural producers and rural small businesses in developing renewable energy systems, energy efficiency improvements, and renewable energy development.

Spurs American Innovation by Advancing Priority Research. USDA research has played a key role in spurring innovation and advancing technology that has allowed American agriculture to experience increases in efficiency, sustainability, and profitability. At the same time, the Administration recognizes that continued fiscal constraint requires trade-offs to focus resources on the most important priorities. Therefore, the Budget proposes \$383 million—a \$119 million increase above the 2012 enacted level—for competitive research grants made through the Agriculture and Food Research Initiative. The Budget also increases in-house research in select areas such as crop protection, sustainable agriculture, climate change, childhood obesity, and food safety by \$148 million; which includes a reallocation of \$125 million from lower priority projects. The Budget also continues funding for the Census of Agriculture. The Budget provides \$155 million for design and construction of a new Athens, Georgia poultry lab, the highest USDA laboratory construction priority. The Southeast Poultry Research Laboratory, which it will replace, is the Department's only laboratory specially designed to conduct research on highly infectious diseases of poultry.

Conserves Landscapes. For the first time ever, the Budget proposes mandatory funding for Land and Water Conservation Fund (LWCF) programs in the Departments of the Interior and Agriculture. These funds will assist in conserving lands for national parks, refuges, and forests, including collaborative projects for Interior and the U.S. Forest Service to jointly and strategically conserve the most critical landscapes while improving management efficiency. They will also support the President's America's Great Outdoors Initiative to promote job creation and economic growth by strengthening the Nation's natural infrastructure for outdoor recreation.

Prevents Hunger and Supports Healthy Eating

Prevents Hunger. At a time of continued need, the Administration strongly supports the Supplemental Nutrition Assistance Program (SNAP) and the Child Nutrition Programs, which help families improve their nutrition and reduce hunger. SNAP is the cornerstone of the Nation's nutrition assistance safety net, touching the lives of more than 47 million people. The Budget provides \$7.6 billion for discretionary nutrition programs, including \$7.1 billion to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Budget also provides resources for program integrity and repropose the continuation of certain temporary SNAP benefits.

Supports Healthy Eating. The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources.

Makes Tough Choices and Targets Reductions

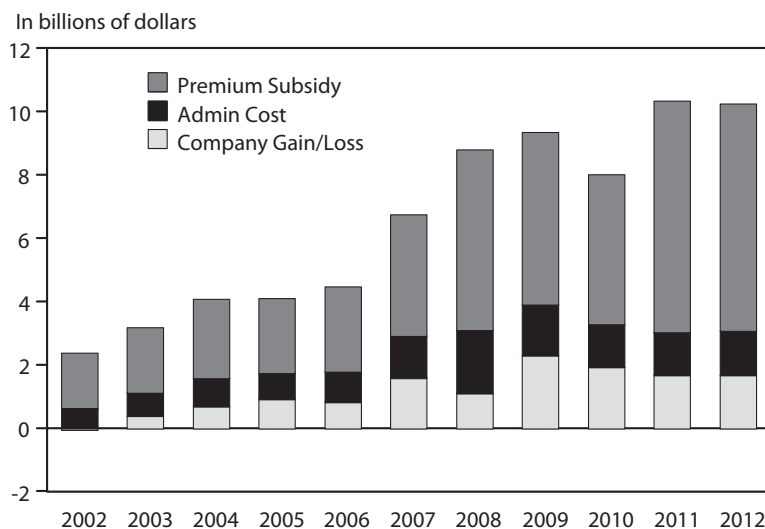
Reduces Direct Housing Loans in Favor of Guarantees. The Budget proposes a significant reduction for the direct single family housing loan program, providing a \$360 million loan level for 2014 compared to the \$900 million 2012 enacted level. A lower direct loan level is sustainable, and is expected to increase demand on the guarantee loans to the point where USDA obligates the full \$24 billion proposed for 2014. This funding favors providing single family housing assistance primarily through loan guarantees. Interest rates are at their lowest level in decades, which allows the Government to support loans through the private credit market with a robust guaranteed single family housing loan level of \$24 billion. In addition, improvements and innovations

in the banking industry and the pervasiveness of lending through the Internet have reduced significantly the “pockets of need” for credit that once existed in rural America. Relying more on the private banking industry to provide this service, with a guarantee from the Federal Government, is a more cost-efficient way to deliver housing assistance.

Reduces Water and Wastewater Grants.

Consistent loan performance and low interest rates have made USDA’s rural water and wastewater direct loans less expensive to administer and allows the Budget to propose \$1.2 billion in loan level from the \$794 million level enacted in 2012. Higher loan levels at lower interest rates means that less grant funding is needed to fund each facility. Therefore, grants are funded at \$304 million compared to \$433 million in 2012. The combined grant-loan nature of the program ensures that rural communities will continue to receive an overall increase in program level assistance of \$278 million in 2014 for their water and wastewater facility needs.

Government Crop Insurance Subsidies



Source: USDA Risk Management Agency.

Reforms Farm Programs. The farm sector continues to be one of the strongest sectors of the U.S. economy, with net farm income expected to increase 13.6 percent to \$128.2 billion in 2013, which would be the highest inflation-adjusted

amount since 1973. With the value of both crop and livestock production at all-time highs, income support payments based upon historical levels of production can no longer be justified. The Budget, therefore, proposes to eliminate so-called “direct payments,” while providing mandatory disaster assistance to producers to protect them from losses. The Budget also proposes to reduce subsidies for crop insurance and to better target conservation programs. As the chart indicates, crop insurance subsidies have risen dramatically in recent years. In total, these proposals will reduce the deficit by \$37.8 billion over 10 years.

Improves the Way Federal Dollars are Spent

Protects Communities and Ecosystems from Wildfire Damage. The Budget continues the long-standing practice of fully funding the 10-year average cost of wildland fire suppression operations. It provides an increase of \$74 million from the 2012 enacted level for new air tankers and continues to support a modernized aerial retardant delivery capability. In addition, the Budget supports efforts to improve landscape health and wildfire resilience and expand cooperative efforts through the Collaborative Forest Land Restoration program, and proposes a new program to improve public-private partnerships in fire-prone areas to address fire-related risks to municipal watersheds and other public service utilities.

Continues Interagency Collaboration to Improve Water Quality. The United States has made great strides in improving water quality; however, “non-point” source pollution remains a significant economic, environmental, and public health challenge that requires policy attention and thoughtful new approaches. Over the past year, USDA, the Environmental Protection Agency, and State water quality agencies collaborated to select over 150 priority watersheds, where voluntary conservation programs could be targeted to aid in reducing water impairments

from non-point source pollution. The Budget builds upon this collaboration by having agencies work with other key Federal partners, agricultural producer organizations, conservation districts, States, Tribes, non-governmental organizations,

and other local leaders to implement a monitoring framework and begin collecting baseline performance data to demonstrate that this focused and coordinated approach can achieve significant improvements in water quality.

